



# County of Tulare Mid-Year Budget Report

FY 2013/14

Presented By:

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County Administrative Officer

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# Topics of Discussion

- ❖ Mid year budget FY 2013/14
- ❖ Fiscal outlook for FY 2014/15
- ❖ State budget impacts
- ❖ Budget development schedule
- ❖ Recommendations

# Global Budgetary Protocols

- ❖ Budget historically normal revenue amounts not inflated revenue amounts
- ❖ Use conservative revenue estimates to cushion impact of potential economic downturn
- ❖ Adhere with fiscal discipline to achieve structural fund balance target
- ❖ Use of one time revenues for one time purposes and for future budgetary challenges
- ❖ Designate all proceeds from the sale of assets for future capital needs

# General Fund Overview FY 2013/14

- ❖ Tulare County continues to move forward and recover from the Great Recession
- ❖ The County's general fund reserve was increased by \$2 million
- ❖ No reductions to general fund departments budget for the second time since the Great Recession
- ❖ Continue to fund steps and merits
- ❖ Negotiated a 3% salary increase for specific bargaining units and gave equity adjustments to a variety of job classifications
- ❖ \$3 million towards internal debt defeasement
- ❖ \$1.5 million for a new Sheriff sub-station

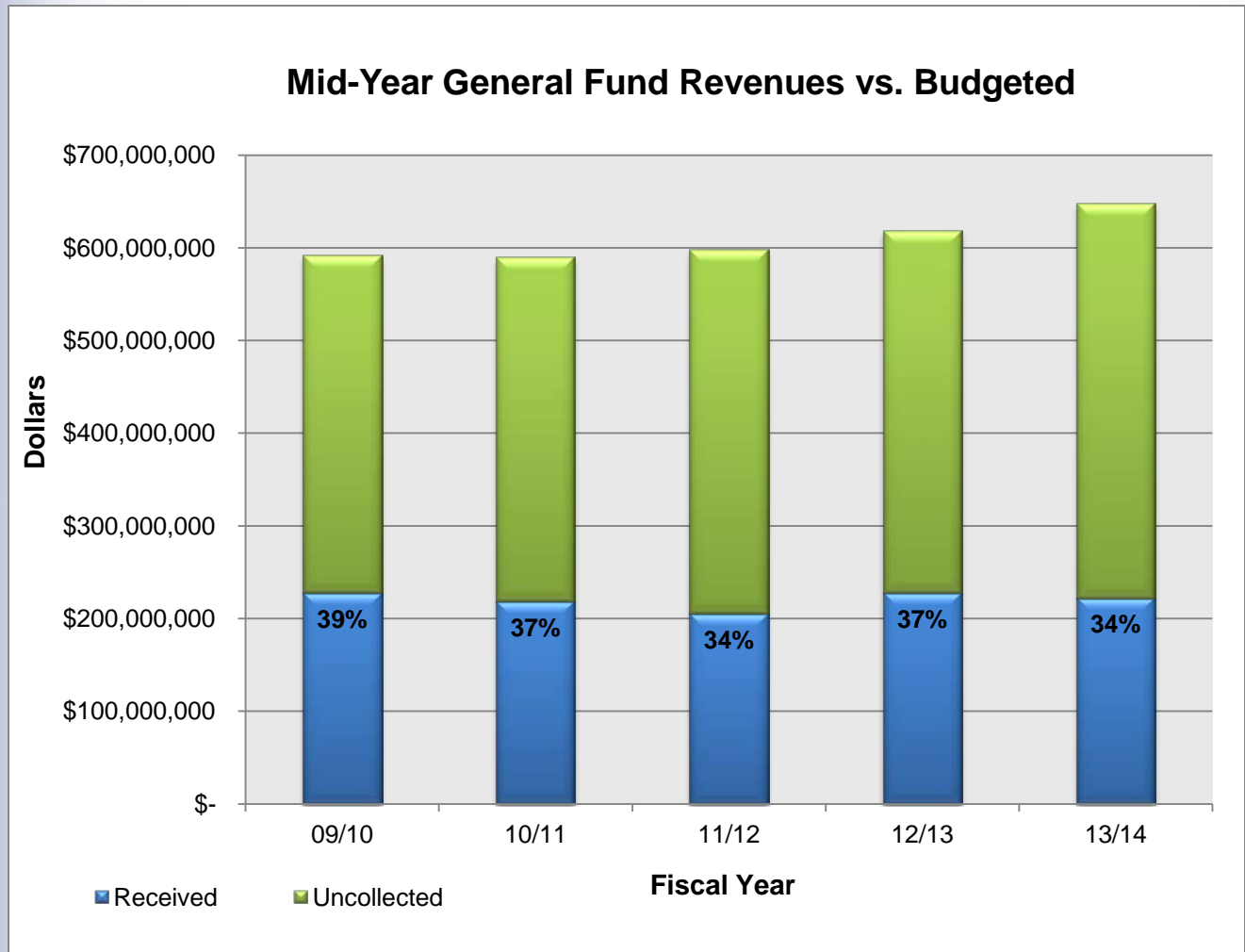
# General Fund Budget

## Employee Count - Last Five Years

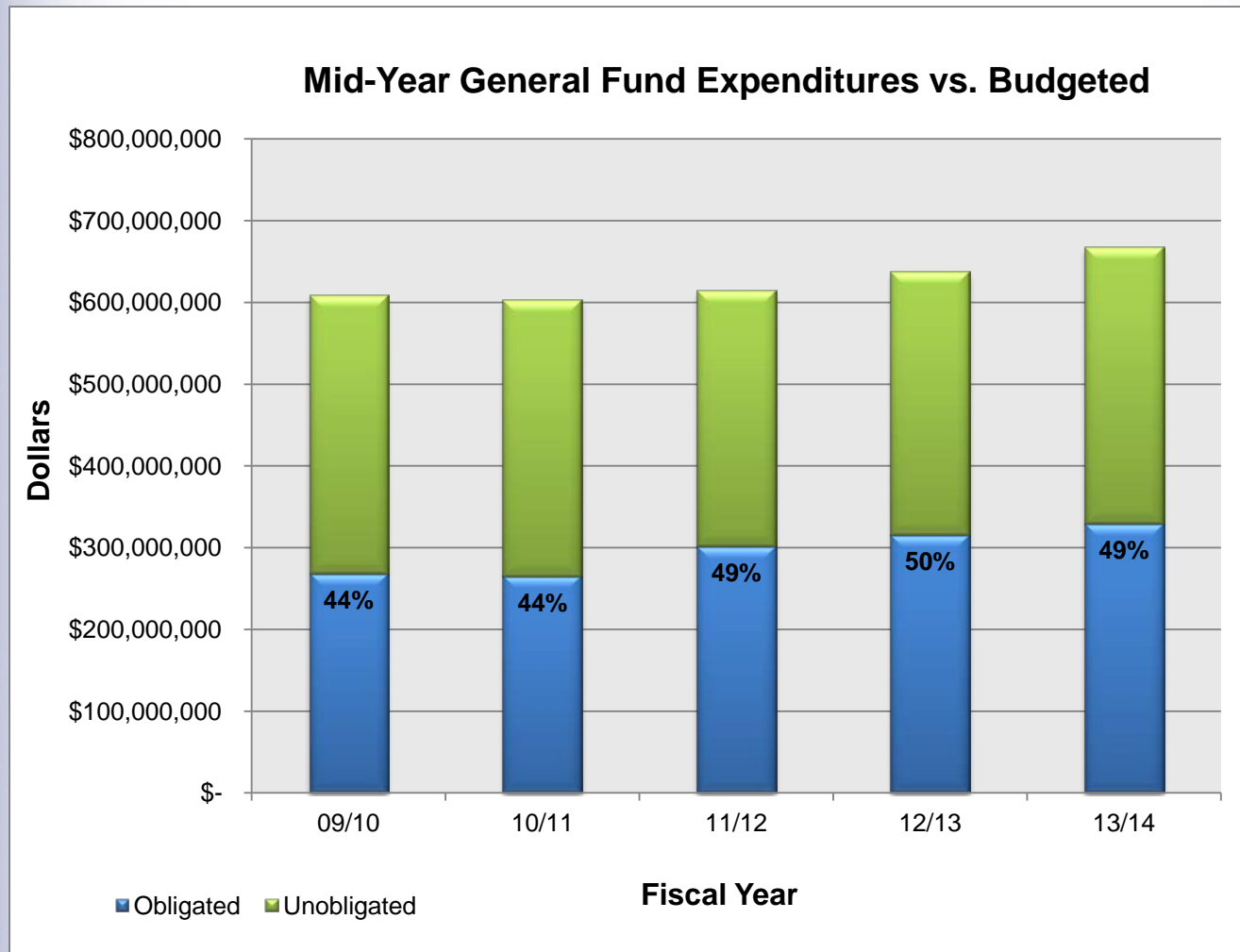
Fiscal Year	Budget	Employees
2009/10	\$597,239,956	3,524
2010/11	\$591,068,409	3,627
2011/12	\$598,091,132	3,803
2012/13	\$637,125,202	3,965
2013/14	\$665,815,669	3,953



# Mid-Year General Fund Revenues Recognized Over Last Five Years – Exhibit A



# Mid-Year General Fund Expenditures Obligated Over Last Five Years – Exhibit B



# General Fund Mid-Year Budget Review FY 2013/14

- ❖ All general fund departments are projected to finish the year at or below their allocated target
- ❖ Countywide revenue estimates holding up with slow growth
- ❖ Most importantly, structural carryover fund balance is expected to be above the necessary level (\$5.8 million) needed at fiscal year end

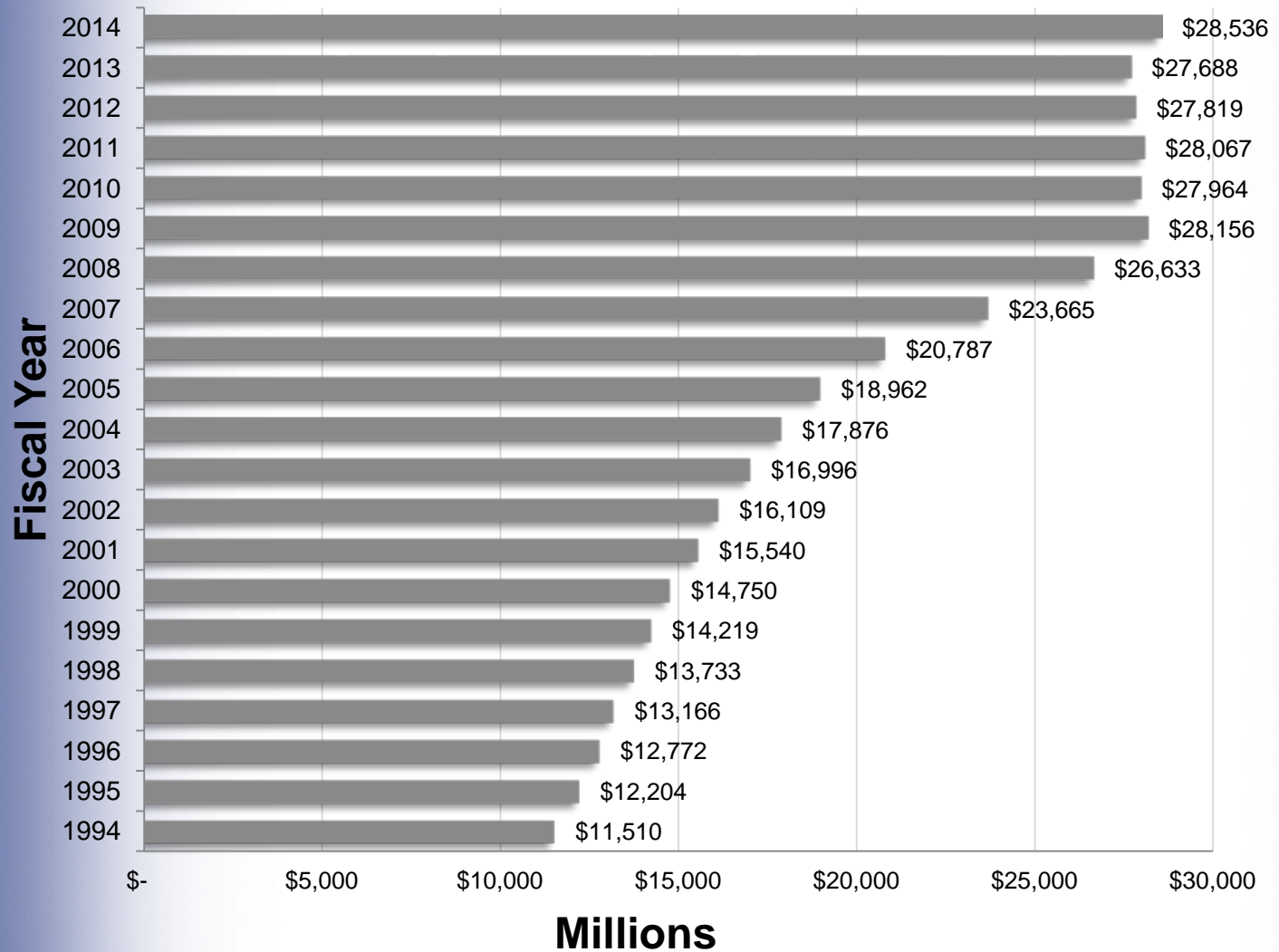


# General Fund Fiscal Outlook for FY 2014/15

Initial assessment of FY 2014/15 is cautiously positive

- ❖ County slowly recovering from the Great Recession
- ❖ Flat or slow growth in the housing and commercial markets
- ❖ Increase in statewide sales taxes
- ❖ Slight decrease or flat local sales taxes
- ❖ Retirement costs increasing by more than 10%

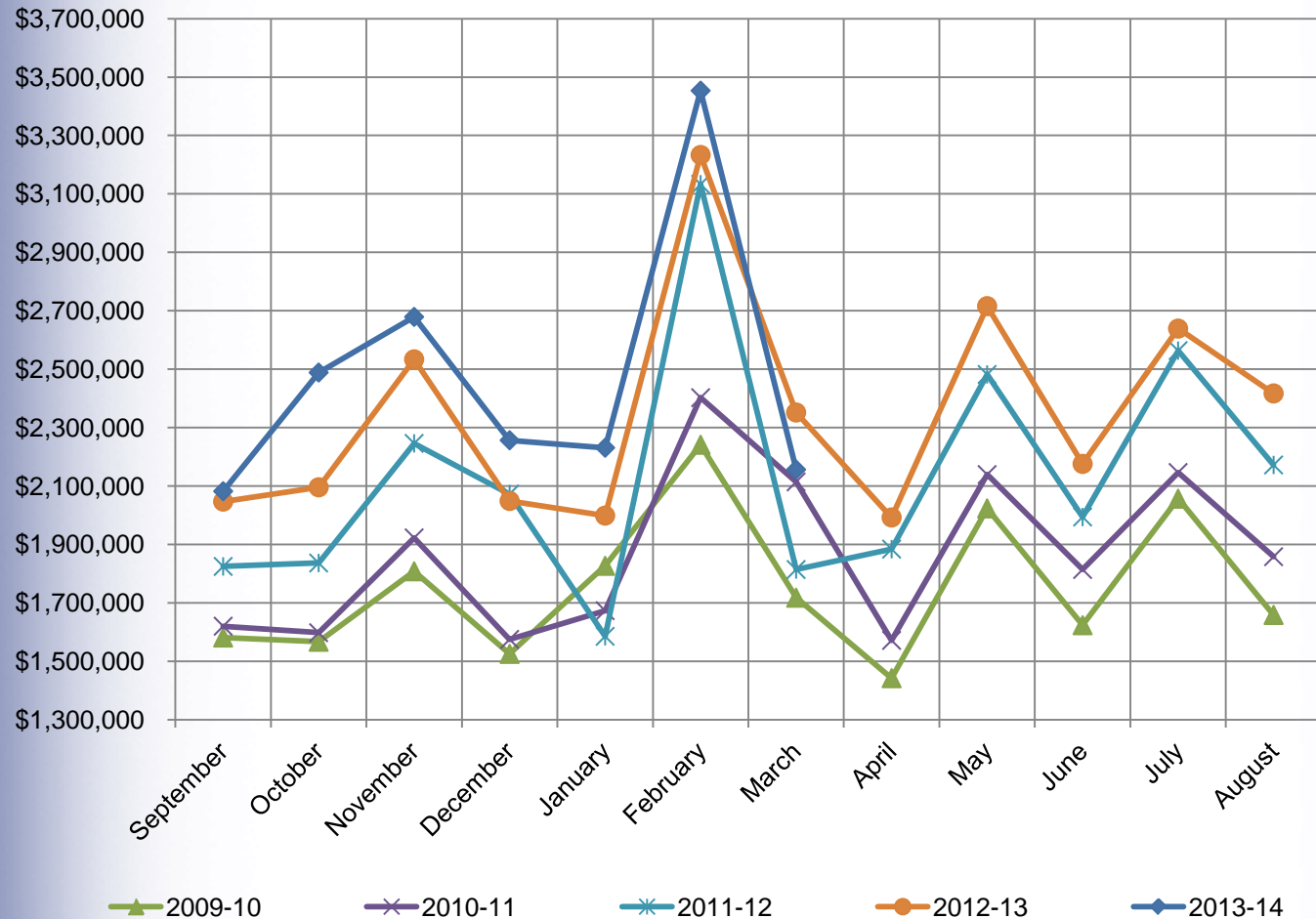
# Local Assessed Value



Source: Tulare County Assessor preliminary tax roll statistical data summary

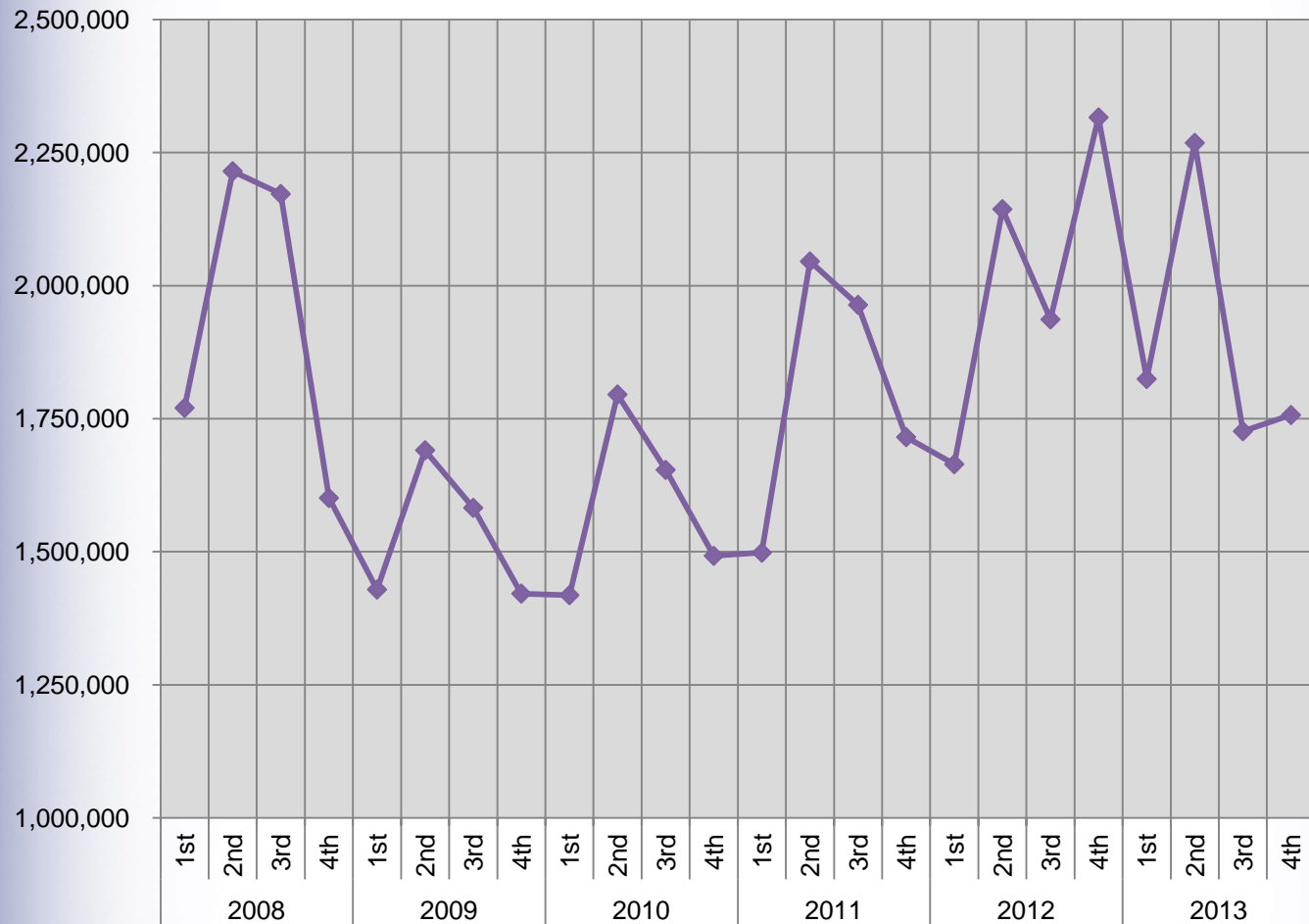
# Proposition 172

## ½ Cent Public Safety Sales Tax



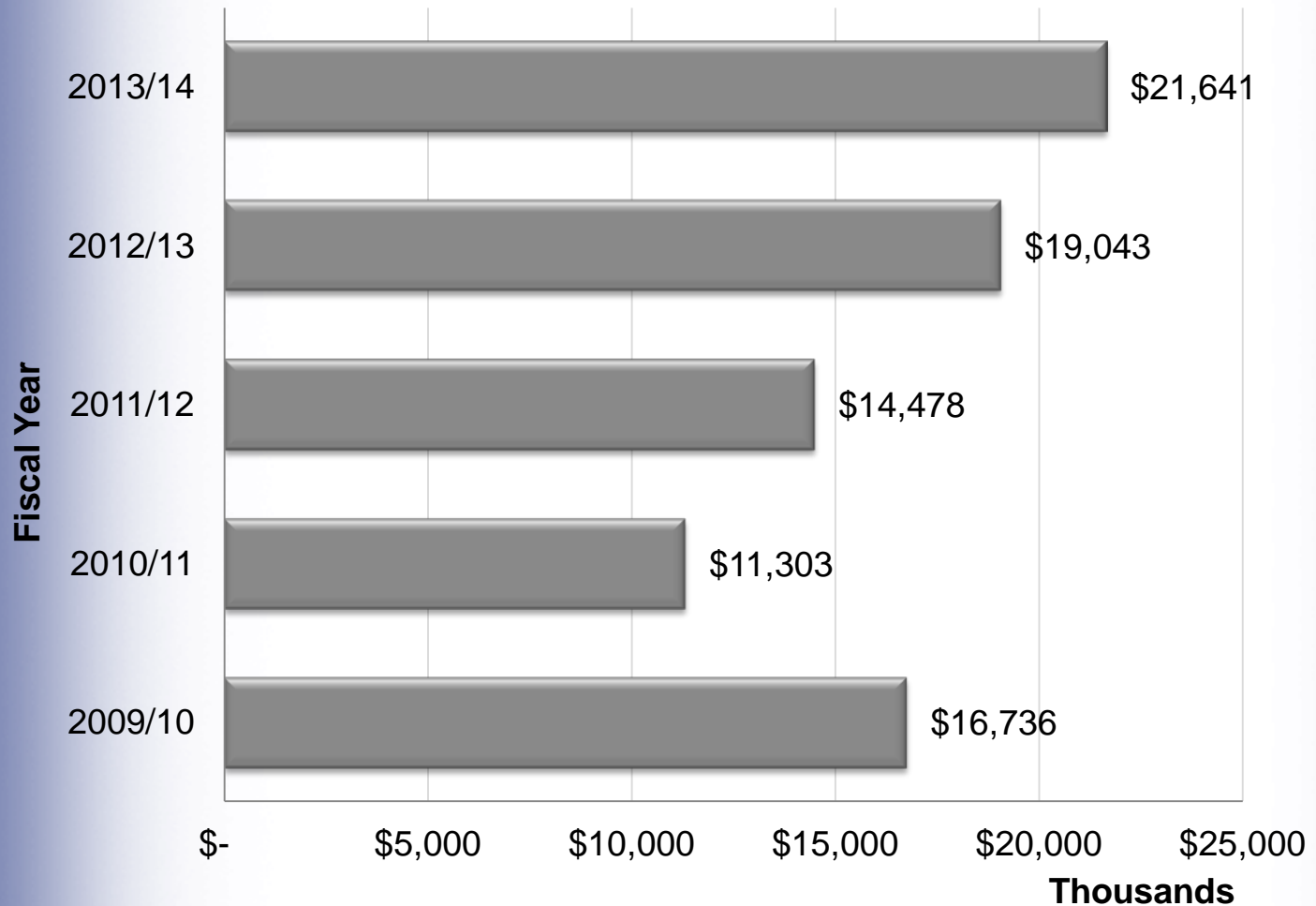
Source: [http://www.sco.ca.gov/ard\\_payments\\_pubsafe.html](http://www.sco.ca.gov/ard_payments_pubsafe.html)

# Sales and Use Tax Allocation



Source: <http://www.boe.ca.gov/sutax/localdist.htm>

# General Fund Historical Balance Over Last Five Years



Source: Adopted Budget – Summary of Revenue and Expense



# Funds Outside the General Fund

## Mid-Year Review FY 2013/14

- ❖ Fire Department's fund balance is in good condition, but the department's vehicle replacement needs are ongoing
- ❖ Library fund continues to renovate and expand services on a number of projects while maintaining a strong fund balance
- ❖ Internal service funds overall are projected to end the year in good standing
- ❖ Workers' Compensation fund continues the need to increase reserves to meet the actuaries' projected confidence level
- ❖ General Liability, Property, and Medical Malpractice insurance funds are in good shape

# State Budget Impacts

## FY 2014/15

Governor's proposed budget

- ❖ Rainy Day Fund
- ❖ Five-Year Infrastructure Plan
- ❖ Administration of Justice
- ❖ Agriculture and Natural Resources
- ❖ Employee Relations
- ❖ Government Finance and Operations
- ❖ Health and Human Service
- ❖ Housing, Land, Use and Transportation

# State Budget Impacts

## FY 2014/15

### ❖ Governor's proposed budget

- Proposed budget is balanced and continues to build toward fiscal stability
- Projected general fund revenue of \$106.1 billion
- Estimating increase of 6.3% in statewide property values
- Economic forecast reflects modest but steady growth over the next five years
- Rainy Day Account - doubling in size from 5% to 10% of revenues if voters approve
- Proposes to develop a 5 year infrastructure plan to guide future transportation needs

# State Budget Impacts

## FY 2014/15

### ❖ Administration of Justice

- AB 109 framework continues to be developed
- \$500 million towards additional County detention facilities

### ❖ Agriculture & Natural Resources

- Cap & Trade: \$850 million in revenues
- State Drinking Water program reorganization
- California Water Action Plan: \$618.7 million in strategic investments
- \$0 allocation for Williamson Act Subventions
- \$0 allocation for County fairs



# State Budget Impacts

## FY 2014/15

### ❖ Government Finance and Operations

- Mandates: To be paid to Counties of \$748 million in FY 2015/16 and \$152 million in FY 2016/17
- Infrastructure Financing Districts: Expand the tax increment finance tool for a broader array of uses than currently provided under existing law
- State-County Assessor's Partnership Agreement Program: \$7.5 million to enhance local property assessment efforts
- Libraries: \$3.3 million for public libraries to access high-speed internet networks



# State Budget Impacts

## FY 2014/15

### ❖ Health and Human Services

- Affordable Care Act (ACA) implementation and financing
- AB85: Changes 1991 Realignment structure and redirects health realignment funding
- CalWorks: 2013 Budget Act required a 5% increase funded by County Health Realignment redirected funds
- Medi-Cal: Estimated to be \$16.2 billion in FY 2013/14 and \$16.9 billion in FY 2014/15

# State Budget Impacts

## FY 2014/15

### ❖ Housing, Land, Use and Transportation

- Transportation funding: \$1.7 billion in additional funding to transportation infrastructure
- Highway User Tax Account funding: Tax rate will decrease in FY 2014/15 by 3.1 cents due to reduced consumption in fuel
- California Transportation Infrastructure Priorities (CTIP) Working Group: Discuss and prioritize the State's transportation expenditures, such as local implementation of sustainable communities projects, continued appropriation of Prop 1B bonds funds, and early repayment of transportation loans
- High-Speed Rail: Project will continue to move forward

# Future Budget Challenges FY 2014/15 and Beyond

- ❖ Assessed value growth
- ❖ Increasing retirement costs
- ❖ Workers' Compensation costs
- ❖ Reduction of 1991 Health realignment funds to fund the Affordable Care Act
- ❖ Proper balance between funding frozen positions and/or giving cost of living increases
- ❖ Potential impact of drought

# Budget Development Schedule

## Exhibit C

Action	Date	Responsible Person
Final Budget Hearing materials to Board of Supervisors and Public	9/5/2014	County Administrative Officer
Recommended Budget to the Board of Supervisors	9/5/2014	County Administrative Officer
Final Budget Hearing begins and may proceed to September 30, 2014	9/16/2014	Board of Supervisors
Resolution with all personnel changes to Board of Supervisors	9/30/2014	Human Resources
Adopted Budget book to Board of Supervisors and Public	11/24/2014	County Auditor
Adopted Budget book to the State	12/1/2014	County Auditor



## Requested Actions

- ❖ Receive Mid-Year Budget Report for FY 2013/14;
- ❖ Approve proposed schedule for preparation and adoption of the FY 2014/15 budget, which incorporates a rollover budget as the operating budget (including the Capital Projects budget) for the period between July 1, 2014 and adoption of the 2014/15 budget (4/5ths vote required);
- ❖ Adopt the Personnel Resolution to add, reclassify, delete, and amend positions; and approve the required job specifications stemming from the mid-year report;
- ❖ Authorize the Auditor-Controller/Treasurer-Tax Collector, with concurrence of the County Administrative Officer, to process any budget adjustments stemming from the mid-year report (4/5ths vote required).